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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

DOWN TOWN ASSOCIATION, d/b/a
THE DOWN TOWN ASSOCIATION,

Case No.: 21-10413-dsj

Debtor.

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DEBTOR'S AFFIDAVIT PURSUANT TO LOCAL RULE 1007-3

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

MARK R. ALTHERR, being duly sworn, deposes and says as follows:

1. I am the President of Down Town Association, d/b/a The Down Town Association, debtor and debtor-in-possession (the “Debtor”), which is a New York Not-For-Profit Corporation location at 60 Pine Street, New York, New York 10005.

2. The Debtor is a member owned social club dedicated to providing its members and guests with the finest hospitality. The Debtor was the first club established in Lower Manhattan in 1860 and is the fifth oldest club in New York.

3. The Debtor's current problems arose primarily from rising costs and reduced dues from a shrinking membership over the recent years. On August 6, 2018, the Debtor conveyed its sole real property, commonly known as 60 Pine Street, New York, New York 10005 (the “Real Property”) to Great Empire Realty LLC for the purchase price of Twenty Eight Million Two

Hundred and Eighty Thousand Dollars (\$28,280,000.00) because the Debtor had been operating at a loss for several years and was out of operating capital. Thereafter, the Debtor and Great Empire Realty LLC executed a lease agreement for a period of approximately Forty-nine years to permit the Debtor to continue occupancy of the Real Property. As part of that sale, Great Empire Realty LLC also provided the Debtor with a credit line on an unsecured basis of Four Million Dollars (\$4,000,000.00) to fund operations pending the construction of additional floors to the building and the renovation of the club.

4. Great Empire Realty LLC was supposed to begin construction but did not. Due to the delay in commencing the construction at the Real Property, the Debtor was running out of operating capital. Given the revenue shortfall and the fact that the Debtor's members would not have access to the Real Property when the construction began the Debtor entered into an agreement with a social club commonly known as The Players, ("The Players"). Pursuant to its agreement with The Players, members of the Debtor in good standing were assigned a "Players DTA Membership" which permitted them access to almost all of the benefits of The Players membership. For the most part, dues were paid directly to The Players by those members availing themselves of that membership.

5. Due to the above factors and the National Covid-19 Emergency, which deterred many members from visiting the Real Property, the Debtor ceased its operations and laid off its employees. To date, the construction has still not commenced.

6. In addition to the leased premises of the Real Property, Debtor leased one floor and part of the elevator lobby of the condominium commonly known as 70 Pine Street, New York, New York 10003, for the use of multiple hotel rooms for its members and guests. Due to lower than expected occupancy and revenues, Debtor attempted to negotiate a new financial arrangement

with the landlord of 70 Pine Street. This effort was unsuccessful and due to the emergence of COVID-19 occupancy collapsed in early 2020. The Debtor closed the hotel rooms as of February 28, 2020. The landlord of 70 Pine Street has attempted to accelerate the rent for the remaining 43 years lease and has demanded more than Eighteen Million Dollars (\$18,000,000.00) in rent.

7. Due to the COVID-19 pandemic, the Debtor did not believe that it could charge its members' dues for 2021, which were in excess of those charged by The Players, without substantial resignations. Most members of the Debtor had not been able to visit The Players prior to the Governor's Executive Order. Many members of Debtor requested leaves of absence for 2021. This was something not generally approved prior to 2020. The Debtor decided to lower dues to the same levels as The Players and allow leaves of absence for 2021 in order to retain as many members as possible. The leaves were approved pending a one time fee. The one time fee was to be paid during 2021 and was set at Five Hundred Dollars (\$500) for resident members and Two Hundred Fifty Dollars (\$250) for all other classes of members. The result was that all dues income accrued to The Players with the exception of leave of absence receipts. The outstanding dues are approximately Ten Thousand Dollars (\$10,000.00).

8. This case has been commenced under sub-chapter V of Chapter 11 of Title 11 of the United States Bankruptcy Code. There has been no pre-petition creditors' committee. Annexed hereto as Exhibit "A" is a list of the 20 largest unsecured claims excluding insiders, including the name, address and the amount of the claim, and an indication of whether such claims are contingent, unliquidated, disputed or partially secured.

9. The Debtor's assets consist of its inventory, equipment, lease and membership list, with a total value of approximately Fifty Thousand Dollars (\$50,000.00). The Debtor's total

liabilities at this point are approximately Six Million Nine Hundred Thirty Five Three Hundred Thirty Dollars and Ninety Four Cents (\$6,935,330.94).

10. At the present time, there is no property in the possession of any custodian, public officer, mortgagee, pledgee, assignee of rents, or secured creditor, or agents of any such entity.

11. The Debtor's substantial assets are located at 60 Pine Street, New York, New York. Currently, its books and records are located at 16 Gramercy Park South, New York, New York 10003. The Debtor does not have any assets outside the territorial limits of the United States.

12. Mark R. Altherr is the President of the Members and has been for Twenty Three (23) years.

13. Prior to closing its operations, the Debtor had nineteen (19) union and two (2) non-union employees. The Debtor's operations remain closed and does not incur weekly payroll at this time. There is a pending demand for arbitration from the Hotel, Restaurant & Club Employees and Bartenders Union, Local 6, UNITE HERE seeking an amount not less than Eighty Thousand Three Hundred Seventy Seven Dollars and Seventy Five Cents (\$80,377.75) for severance for employees that were laid off about one year ago.

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14. It is estimated that the expenses for the 30-day period following the bankruptcy petition will be approximately Three Thousand Four Hundred Dollars (\$3,400.00) and that receipts will be approximately Zero Dollars (\$0.00).

/s/ Mark R. Altherr
Mark R. Altherr
President

Sworn to before me this
4th day of March, 2021

/s/ Avrum J. Rosen
AVRUM J. ROSEN
Notary Public, State of New York
No. 02RO4872542
Qualified in Suffolk County
Commission Expires September 8, 2022